

Effects of online advertisements on online purchasing decisions



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In this research, we plan to study the Internet's influence over online purchasing decisions. We would like to find out how much of Internet exposure can actually lead to believability and confidence. Apart from that, we would also like to find out which of the factors impact the decisions. Thus, in this message related study we are attempting, it is the Internet that becomes the catalyst of the online purchasing trend.

The significance of the study is to ensure that people avoid the misleading messages that potentially, can be caused by Internet advertising. It is also hoped to educate the public about the risks of purchasing online; not all that is displayed in the Internet is as it looks.

Because this study is about the decision to buy online, and we think it is better if the survey is conducted online. We need respondents who are directly involved with the Internet. We conducted this survey from a free web site that provides online survey at <http://www.kwiksurvey.com>. We created online questionnaire on the website based on our designed questionnaire. The link (URL) for the online questionnaire on the website then was emailed to our contacts and we also published on Facebook wall status on our own Facebook account. The data collected from the online surveys then will be downloaded and analyzed.

Problem Statement

Many researchers have studied the phenomenon of the Internet and purchasing online transaction. The most significant arenas in which people appear to construct or at least interpret their lifestyles in an increasingly individualized world is the mass media. With the Internet being a part of it, <https://assignbuster.com/effects-of-online-advertisements-on-online-purchasing-decisions/>

purchasing decisions are shaped through what information they are exposed to, from it.

Unfortunately, consumers in general face information overload in using the evolving media. This issue will lead to skepticism in the usage of the new media such as the Internet to market as well as purchase. In turn, this study aims to understand the relationship between the level of online advertising and online purchasing decisions.

1. 1. 1 Research Question

Research Question: What is the relationship between level of exposure to online advertisement and online purchasing decision?

This research question for this study utilizes the relational format because the independent variable or level of exposure is an ordered variable.

1. 1. 2 Research Objective

The general objective of the study is to investigate the potential of Internet advertising messages influences online purchasing decisions.

1. 1. 3 Theoretical Framework

Browsing hours

Attention during browsing

Regularity of pop-up

Online

Purchasing

Decision

Attention given to pop-up.

Regularity of info searching per browsing

Attention given to info searching

Advertising appeal and believability.

Dependent variables

Independent variables

Table 1. 1: Theoretical Framework

Scope of study

The study will determine the impact of the Internet online purchasing behavior and the factors of internet marketing are most prevalent.

1. 2. 1 Hypothesis

Hypothesis: The higher the level of information searching on internet, the higher the level of online purchasing decision.

Since the independent variable of this study is an ordered variable, the hypothesis is using the relational format and positive directional hypothesis.

Research hypothesis indicates that the relationship between the independent variable (level of Internet browsing and information searching) and dependent variable (level of perception) is more than zero (0).

H0: $\rho_{xy} \leq 0$

Null hypothesis indicates that relationship between independent variable and dependent variable is equal or less than zero (0).

1. 2. 2 Conceptual Definition

Aside from the hypothesis asserting the level of Internet advertising exposure as internet browsing, the actual measurement of this association should be done in terms of the three factors – push and pull effect and advertising appeal.

Internet browsing in this case, depending on the extent of the consumer's control over advertising exposure, advertising and advertising media may be placed either near the push end or the pull end, or somewhere in between. Push advertising allows the individual little control over exposure. It interrupts or intercepts the individual's attention to other information and essentially pushed at or forced upon the individual. Pull advertising gives the individual more control over what information they access, for how long and how many times, and in what order. It is often designed to help the individual who already has certain goals in mind to find relevant information about suppliers of desired products or services. The advertising information is pulled by the individual. Such a classification is a matter of extent and therefore not absolute. Broadcast media such as television and radio are

more push oriented whereas print media such as magazine and newspaper are more pull oriented. For newspaper, display ads are more push oriented whereas classifieds are more pull oriented.

One good example of Internet ad formats that adopt the push approach is pop-up ads. Pop-up ads are advertising pages that appear in a separate browser window on top of content already on-screen. The user must close or minimize the window in order to get it out of sight. Pop-up is a controversial advertising format.

In contrast, one good example of Internet ad formats that adopt the pull approach is search engine sponsored links. Search engine sponsored links refer to the brief text ads that advertisers pay to appear on search engine websites. Other labels for these ads include “ sponsored results,” “ featured results,” “ featured partners,” etc. Advertisers bid on keywords, and when a user types in a specific keyword, a link to the advertiser’s Web site is displayed as a sponsored link, usually in specifically demarcated areas at the top or to the right of pure, organic results. The higher the advertiser pays for the same keyword, the higher its company will appear in the rankings. The advertiser does not need to pay unless the link is clicked upon (publication of allacademic. com).

In everyday, consumers are exposed to a variety of advertising appeals. These appeals are aimed at influencing consumers’ attitudes toward a wide range of products and behaviours through mass media (Marion E. Davis et al). They serve as a basic motivational or persuasive technique in an

advertisement used by advertisers to communicate how their products or services satisfy the needs of consumers.

The Internet is currently a major source for information on brands.

Consumers search information from web sites to get information about product to satisfy their needs best. This would motivate consumer to spend more time using the internet actively to seek information to help to make a purchasing decision. Active shoppers are more aware of information sources than those not in the purchase window. They are actively seeking information to help them make the right decision. They are using the web, among other sources, to seek out information relevant to their purchase decision. (Hollis. N.& Brown. M. 2005). Therefore we can consider that the more time consumer spend on information searching, the more influence they will get to make a decision.

Limitation of study

The study is limited to online respondents only. This is because this study only focuses on the regularity of internet browsing from the perspective of their spending hour and their lifestyle that may influence consumer to make an online purchasing. The level of Internet browsing such as ' information searching' as the independent variable are capable in affecting the consumer into online purchasing decision; and the online purchasing decision become the dependent variable because it gets affected by the advertisements when under Internet browsing session.

Literature review

There are several studies that have been done on the relationship between the Internet and online purchasing decisions. But much of the advertising and research was conducted by dot-com companies promoting their own services. In United State, online advertising spending grew dramatically from a small base in 1996, and by 2000 online advertising spending had grown to \$8. 2 billion. (Hollis. N. & Brown. M., 2005).

According to The Star Online (Published on September 2, 2010), shopping online has its own risks especially when product involves require fittings. The only way to find a site that delivers what it promises is through trial and error and recommendations by friends (word mouth to mouth) who have used the online shopping site before. But this risk could be lessening if the believability of the web site increases and if the Internet users have experienced online purchase. Spending more time on the Internet and believability may be use as an indicator to the online purchasing decision.

In line with the first specific objective, the identification of the factors (advertising messages and its types) from Internet marketing that leads to purchasing decisions and behaviour highlights three components. They are the push effect, pull effect, and advertising appeals.

The push-pull categorization is a way to describe people's interaction with their media experience, including advertising exposure. Research has shown that pop-ups (push marketing format) are increasingly unpopular with Internet users. Practitioners on the other hand have mixed views. Many think that they are not a good way to reach consumers. Some, however, think they

work well because they get in people's face and force them to pay attention to it. Although pop-up advertising may be on the decline, it still remains a viable advertising format for several years to come.

Search engine (pull format) sponsored links have generally been welcomed by advertisers and exhibited robust growth. Often-cited advantages of sponsored links are that they can reach targeted audiences and are performance based. However, so far little academic research is available with regard to the effectiveness of sponsored links among consumers (publication of allacademic. com).

On advertising appeals, Row (2006) found that, considering all product categories, 19% of influencers (consumer type) cited web advertising as playing a role in the research phase of their purchase decision, versus only 8% of the non-influencers (consumer type).

Web ads were the second most popular source of information about products after websites in the " further learning" phase of shopping, hence the informative advertising appeal online gives an edge to consumers and marketing process. This fact may be overlapping with the formats of either search engines or pop-ups, but bear in mind that it is a general finding on the various advertising appeals available on the internet, thus makes the advertising appeal a factor regardless of the multiple formats present on the Internet.

There are two advertising strategies, price advertising and brand advertising. Brand advertising is a strategy to develop brand loyalty among the

consumers, this strategy is prevalent in the market where to create brand awareness and brand loyalty is relatively cheap.

Brand advertising is a substitute of informational advertising or price advertising, if the marketer finds that the brand building did not scale well with the resource spent or the effort did not create enough brand loyalty among the consumers they are likely to switch to price advertising.

Gatekeepers' or the price comparison site will benefit from the informational advertising as they will increase its web traffic and advertising fees (Baye 2004).

Success of e-commerce depends a lot on the effectiveness of its web design but the suitability of the prevalent information formats in supporting various online shopping tasks is not known (Forman 2007). The research conducted based on competition of attention theory and cognitive fit theory.

Competition of attention theory concerns on how the object available in the web interface affect its customers focus and shopping experience. Object on the website will be competing for the customers' attention and the challenge is to switch the focus on the intended target. The eye fixation duration on particular object (competition of attention) and how well the information displayed is processed is the main concern (cognitive fit theory).

The internet is moving towards maturity where the information no longer flows one way, an increased interactivity of the internet lets its user especially the consumer to participate in product evaluation.

Most website now offers online rating for the offered product where the user will share their own opinion on the product and it should be mentioned that online advertising has grown rapidly and accounts for about 7% of US advertising spending (Evans, David S. 2008). The advertising itself is an industry where the company will offer and advertising service for a vendor to promote their product in the market.

The availability of the online preview and rating systems meanwhile, will influence the vendor's marketing strategies as they look to improve their product based on the information provided by the online rating websites with this, consumer surplus, vendor profitability, and social welfare can improve with the availability of consumer reviews and ratings, and that vendors may have an incentive to induce higher product ratings by under-charging in earlier periods.

Research Methodology

3. 1 Sampling Frame

Sampling frame is limited to respondents those are selected through e-mail invitation and Facebook “ friends of friends wall status”. Thus other online internet user who is not invited and does not have Facebook account are not selected.

3. 2 Sampling Size

This step is concerned with how many people that should be surveyed.

Despite, it is not necessary to sample the entire internet community. In this study, we have set approximately 100 respondents for minimum sampling

size or within one week due to the time constraints which ever come first. The online questionnaire will be open until it reaches 100 respondents or a after a week we have to close the survey and had to be satisfied with the number of respondents who successfully obtained.

3. 3 Data Collection

The survey research design will be used for this research wherein a set of questionnaire. The data for the survey will be collected online at http://www.kwiksurveys.com/online-survey.php?surveyID=HBILNF_1e23c7b6 and its will be remain open until its reach 100 respondent or limited to 1 week which is come first. Respondent are invited through e-mail and via Facebook. By using online questionnaire, it can save time and cost involved compare to the conventional method.

Data collected from the online survey then will be downloaded in Microsoft Excel format and then analyze using SPSS (Statistical Package for Social Sciences) Ver. 17.

3. 4 Questionnaire Design

The questionnaire consists of 2 sections:

Demographic section: to identify the age, gender and education level.

Close-ended questions: consisting of 8 questions. This section will focus on the questions whereby respondents will be asked about how Internet browsing influences their online purchasing, whether directly or indirectly.

3.5 Measurement

The main instruments (questions) will be used to measure Internet browsing are:

Question 1: How many hours in a day do you spend on Internet browsing?

- a. Less than 1 hour
- b. 1 hour – 2 hours
- c. 3 hours – 4 hours
- d. 5 hours and above

This question is using the interval level of measurement because the numbers have specific meaning and the different degrees among the numbers are equal. This question is to determine the regularity of Internet browsing and to identify whether the person is a heavy browser/user or not.

Question 2: How much attention do you give when Internet browsing?

- a. Very little
- b. Little
- c. Some
- d. A lot

This question is using ordinal level of measurement because the numbers do not mean the actual meaning of them and the degrees among the numbers are unknown. This question is to determine the degree of attention that a person gives while Internet browsing. With the other operational definitions pertaining to the two out of three factors of push effect (pop-ups) and pull effect (information searching), the measurement pattern follows suit.

Question 7: How much do you believe in the product content (advertising appeal) available in the Internet being worth to purchase?

a. Very little 1 b. Little 2

c. Some 3 d. A lot 4

This question is using the ordinal level of measurement because the numbers do not mean the actual meaning of the answers and the degrees among the numbers are unknown. This question is to determine the degrees of belief that the person has on the product content (advertising appeal) available in the Internet – whether they believe it is worth to purchase or not.

Question 8: How many in terms of percentage, do you think you have purchased upon experiencing the advertising?

a. 1% – 25 % 1 b. 26 % – 50 % 2

c. 51% – 75 % 3 d. 76 % – 100 % 4

This question is using the interval level of measurement because the numbers have specific meaning and the degrees among the numbers are equal. This question is to determine the percentage of the person's purchase from experiencing the advertising in the Internet.

3. 6 Data Analysis

The data will be analyzed by using SPSS (Statistical Package for Social Sciences) version 17. 0. We choose the analyzing of variances (ANOVA) to analyze the data. One-way ANOVA is used to compare the mean of variances

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or differences between the factors (treatments) in order to determine the most prevalent factor influencing online purchasing decisions. Frequency distributions and tables will illustrate the findings.

Findings

4. 1 Demographic

For this study, we have successfully collected data from 102 respondents. Base on descriptive data on Appendix 2, we have gathered data from 40. 2 % male and 59. 8% female respondent. The age of respondent are vary from 21 years to 73 years old. Mode of age is 29 years old, mean is 34 and the median for age is 30 years old. The higher frequency for respondent age who participates in this study is 29 years old with (21. 6 %). Most of the respondents are Degree holder (F= 53, P= 52%).

4. 2 One-way ANOVA Analysis

According to the output produced by the one-way ANOVA, the highest mean for the regularity of browsing was 3. 1667 at the 51-75% point. This means that, adjacent to perception of purchasing upon advertising experience, many respondents who are serious internet users agree that 51-75% of users make the purchase decision online. The infrequent internet browsers (mean: 2. 5263) find 1-25% of users make the purchase decision online. One-way ANOVA shown the internet regularity of browsing is significant (0. 030) <0. 05 influencing the consumer in decision to purchase online.

The highest mean for the attention of browsing was 3. 3333 at the 51-75%. This means that most respondents who pay a lot of attention agree that 51-

75% of users make the purchase decision online. Internet users who pay less attention (mean: 2. 9079) find only 1-25% of users would make the purchase decision online. The significance result for attention of browsing is $> 0. 05$ (0. 236) shown that this independent variables does not influence the consumer online purchasing decision.

For respondents who experience more pop-up advertisements (mean: 2. 1667), they believe 51-75% would proceed with their online purchasing decision. The ones who experience less pop-ups (mean: 1. 9079) believe 1-25% would proceed with the purchase upon online advertising experience. The significance result for this independent variable is $> 0. 05$ (0. 236).

For those who pay attention more to pop-ups (mean: 1. 8333), they believe 51-75% would purchase upon online advertising experience; whilst those who pay less attention to pop-ups (mean: 1. 2673) think 1-25% would proceed to purchase online. The significance result for this independent variable is $> 0. 05$ (0. 088) shown insignificance.

On the basis of regularity of information searching per browsing session, serious information searchers (mean: 2. 50) find 51-75% would proceed with online purchasing upon the advertising experience and information found; while the infrequent information searchers (mean: 2. 1842) find 1-25% have purchase upon experiencing to online advertisement. The ANOVA also shown the insignificance between the independent and dependent variables with result is $> 0. 05$ (0. 500) level of significance.

The attention given to information searching per browsing session sees that the high attention-givers (mean: 3. 700) believe 26-50% would purchase
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upon exposure to online advertising and information that satisfy their needs best. Whilst the less attention-givers (mean: 3.3816) think 1-25% would proceed with online purchase. Level of significance is > 0.05 (2.65).

The last factor, the advertising appeal and purchasing worth believability sees that those who find the online advertisements' more appealing (mean: 2.8333) think 51-75% would proceed with online purchase. However, those who find them less appealing (mean: 1.7895) think 1-25% may proceed with the online purchasing decision. The ANOVA significance value is < 0.05 (0.000).

Conclusion

In line with the hypothesis, the results proved that it can be accepted as the higher level of regularity, attention given and information searching to satisfy needs best yielded an influence to online purchasing decisions.

Though the percentage is considerably mediocre for regularity, the higher attention given results in higher chances of online purchase, and it's a strong component in the factor of information searching that determines online purchase. We hope this study can contribute to the future undertakings of business researchers.